GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3810
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Functioning of Banks
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any proposals/plans for improving the functioning of Public Sector Banks (PSBs) and if so, the details thereof;

(b) whether the PSBs are increasingly getting plagued with plethora of problems due to Non Performing Assets (NPAs), competition, skilled work force and technology and if so, the details thereof;

(c) whether the Government proposes to improve the Debt Recovery Tribunals (DRTs) and to allow them to function effectively in this regard and if so, the details thereof;

(d) whether DRTs are inadequate and ill-equipped to deal with loan defaulters and if so, the details thereof and the reasons therefor; and

(e) the steps taken/being taken by the Government to set up more DRTs and allowing them to function effectively and strengthening them and improve functioning of the banks?

Answer

The Minister of State in the Ministry of Finance

(a): In August 2015, the Government formulated "Indradhanush Plan" under which measures were introduced to improve operational and capital efficiency of Public Sector Banks (PSBs). Key Performance Indicators (KPIs) were outlined for all PSBs and cash incentives were introduced for fulfillment of these KPIs. These KPIs included measures such as efficiency of capital usage, diversification of business processes and NPA management etc. Further, the government made available funds to the tune of Rs. 70,000 crore for infusion in PSBs till FY 19 to confirm with capital adequacy norms outlined under Basel III. The Government also allowed PSBs to raise capital through Follow-on Public Offer (FPO) or Qualified Institutional Placement (QIP) by diluting Government of India holding upto 52% in phased manner based on their capital requirement, their stock performance, liquidity, market conditions etc.

(b): Gross NPAs of Public Sector Banks (PSBs) have shown an increase during the recent years. NPAs have risen from 9.83% as on March 2016 to 12.23% as on December 2016 in respect of PSBs. The increase in NPAs is due to slowdown in recovery in the global economy and continuing uncertainty in the global markets leading to lower exports of various products like textiles, engineering goods, leather, gems etc.

(c) to (e): A roadmap has been prepared by the Government for improvement in functioning of Debts Recovery Tribunals (DRTs). These include setting up e-DRT project, computerization, scanning and digitization of legacy records, creation of online DRT portal (www.drt.gov.in), providing IT infrastructure, adequate office space and other infrastructure. Further, to strengthen DRTs, the Recovery of Debts Due to Banks and Financial Institutions (RDDB & FI) Act, 1993 was amended in 2016 to rationalise the procedures and timelines followed by these Tribunals for expeditious adjudication and speedier resolution of defaulted loans in time bound manner.

In order to augment capability of DRTs, regular training programs are being conducted for Registrars, Assistant Registrars, Recovery Officers and other staff.

Six new DRTs have been established at Bengaluru, Chandigarh, Dehradun, Ernakulam, Hyderabad and Siliguri by the Government for speedier disposal of cases.
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